Supreme Court, U.S.
FILED
FEB 29 2016
OFFICE OF THE CLERK

No. 15-446

IN THE
Supreme Court of the United States

CUOZZO SPEED TECHNOLOGIES, LLC,

Petitioner,

v.

MICHELLE K. LEE, UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR, PATENT AND TRADEMARK OFFICE,

Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF OF SIGHTSOUND TECHNOLOGIES, LLC AS *AMICUS CURIAE* IN SUPPORT OF PETITIONER

JENNIFER SKLENAR
ARNOLD & PORTER LLP
777 S. Figueroa St.
Los Angeles, CA 90017

SEAN M. CALLAGY
ARNOLD & PORTER LLP
3 Embarcadero Center
San Francisco, CA 94111

MATTHEW M. WOLF
Counsel of Record
ARNOLD & PORTER LLP
601 Massachusetts Ave., NW
Washington, DC 20001
(202) 942-5000
Matthew.Wolf@aporter.com

Counsel for Amicus Curiae

WILSON-EPES PRINTING CO., INC. – (202) 789-0096 – WASHINGTON, D. C. 20002

TABLE OF CONTENTS

Page

TABLE OF AUTHORITIES iii

INTEREST OF AMICUS CURIAE 1

INTRODUCTION AND SUMMARY OF ARGUMENT 3

ARGUMENT 6

I. QUESTION 2 HAS SUBSTANTIAL IMPORTANCE BEYOND THIS CASE 6

A. Background Of The SightSound Proceeding 7

B. The SightSound Case Provides Another Example Of The Board's Violation Of Its Authority 12

C. Patent Owners Will Be Prejudiced If The Board's *Ultra Vires* Acts Are Not Reviewed And Remedied 14

D. The Federal Circuit's Rationale In Support Of Its Interpretation Of 35 U.S.C. § 314 Is Wrong 16

II. THE PLAIN LANGUAGE OF 35 U.S.C. § 319 ALLOWS REVIEW OF THE BOARD'S ERRORS 19

A. Non-Moot Interlocutory Orders That Merge Into The Board's Final Written Decision Are Reviewable 19

1. 35 U.S.C. § 319 Provides For A Broad Right To Appeal 19

2. The Plain Language Of 35 U.S.C. § 314 Provides For Only One Exception To The Scope Of Appealable Issues 21

B. Cuozzo's And SightSound's Appeals Originate From Issues That Merged Into The Board's Final Written Decisions 23

III. A PRESUMPTION OF JUDICIAL REVIEW OF AGENCY ACTIONS MUST INFORM THE COURT'S INTERPRETATION OF SECTION 314(d) 25

IV THE BOARD'S ACTIONS ARE SEPARATELY REVIEWABLE UNDER THE *ULTRA VIRES* DOCTRINE. 28

CONCLUSION 30

TABLE OF AUTHORITIES

Page(s)

Cases

Abbott Labs. v. Cordis Corp.,
710 F.3d 1318 (Fed. Cir. 2013) 18

Abbott Labs. v. Gardner,
387 U.S. 136 (1967) 25, 26

Achates Reference Publ'g, Inc. v. Apple Inc.,
803 F.3d 652 (Fed. Cir. 2015) 4, 12, 24

Aid Ass'n for Lutherans v. U.S. Postal Serv.,
321 F.3d 1166 (D.C. Cir. 2003) 29

Anthony v. OPM,
58 F.3d 620 (Fed. Cir. 1995) 28

Benedict v. Super Bakery, Inc.,
665 F.3d 1263 (Fed. Cir. 2011) 18

Bowen v. Mich. Acad. of Family Physicians,
476 U.S. 667 (1986) 4, 25, 27

Bragdon v. Abbott,
524 U.S. 624 (1998) 21

Caperton v. A.T. Massey Coal Co.,
556 U.S. 868 (2009) 18

Cisco Sys., Inc. v. C-Cation Techs., LLC,
No. IPR2014-00454, 2014 WL 4352301
(P.T.A.B., Aug. 29, 2014) 9

TABLE OF AUTHORITIES—continued

Page(s)

Cohen v. Beneficial Indus. Loan Corp.,
337 U.S. 541 (1949) 6, 20

In re Cuozzo Speed Techs., LLC,
793 F.3d 1268 (Fed. Cir. 2015) 12, 16, 22, 24, 26

Digital Equip. Corp. v. Desktop Direct, Inc.,
511 U.S. 863 (1994) 20

Doty v. United States,
53 F.3d 1244 (Fed. Cir. 1995) 28

Dunlop v. Bachowski,
421 U.S. 560 (1975) 25, 26

Epicor Software Corp. v. Protegrity Corp.,
No. CBM2015-00006, 2015 WL 1870235
(P.T.A.B. Apr. 21, 2015)
..... *passim*

Fla. Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank,
527 U.S. 627 (1999) 18

In re Hiniker Co.,
150 F.3d 1362 (Fed. Cir. 1998) 22

Jays Foods, LLC v. Chem. & Allied Prod. Workers Union,
208 F.3d 610 (7th Cir. 2000) 20

KSR Int'l Co. v. Teleflex Inc.,
550 U.S. 398 (2007) 11, 14

TABLE OF AUTHORITIES—continued

Page(s)

Lake Cable, LLC v. Windy City Wire Cable & Tech. Prods., LLC,
No. IPR2013-00528, 2014 WL 721999
(P.T.A.B. Feb. 19, 2014) 13

Leedom v. Kyne,
358 U.S. 184 (1958) 28

Lindahl v. OPM,
470 U.S. 768 (1985) 4, 25, 26, 27

Lindahl v. OPM,
718 F.2d 391 (Fed. Cir. 1983) (en banc) 26

Mach Mining, LLC v. EEOC,
135 S. Ct. 1645 (2015) 25

Marbury v. Madison,
5 U.S. (1 Cranch) 137 (1803) 3

In re Meyer,
599 F.2d 1026 (C.C.P.A. 1979) 16

Nautique Boat Co. v. Malibu Boats, LLC,
No. IPR2014-01045, 2014 WL 6706559
(P.T.A.B. Nov. 26, 2014) 13

SightSound Techs., LLC v. Apple Inc.,
809 F.3d 1307 (Fed. Cir. 2015) ..... *passim*

Soc. Sec. Bd. v. Nierotko,
327 U.S. 358 (1946) 29

TABLE OF AUTHORITIES—continued

Page(s)

Versata Dev. Grp. v. SAP Am., Inc.,
793 F.3d 1306 (Fed. Cir. 2015) 4, 24

In re Westinghouse Sec. Litig.,
90 F.3d 696 (3d Cir. 1996) 20

Zadvydas v. Davis,
533 U.S. 678 (2001) 19

Statutes

5 U.S.C. § 706(2) 28

5 U.S.C. § 8347 27

28 U.S.C. § 1291 20

35 U.S.C. § 102 ..... 8, 16

35 U.S.C. § 103 ..... 8, 16

35 U.S.C. § 311 22

35 U.S.C. § 312(a)(3) ..... *passim*

35 U.S.C. § 313 22

35 U.S.C. § 314 ..... 16, 21, 22, 24, 27

35 U.S.C. § 314(a) 22, 23, 24

35 U.S.C. § 314(d) ..... *passim*

35 U.S.C. § 315(e)(1) 17

TABLE OF AUTHORITIES—continued

Page(s)

35 U.S.C. § 315(e)(2) 17

35 U.S.C. § 319 ..... 2, 6, 19, 20, 21, 27

35 U.S.C. § 322(a)(3) ..... *passim*

35 U.S.C. § 324 ..... 4, 22, 24

35 U.S.C. § 324(a) 23, 24

35 U.S.C. § 324(e) 2

35 U.S.C. § 325(e)(1) 17

35 U.S.C. § 325(e)(2) 17

35 U.S.C. § 329 ..... 2, 6, 22

Leahy-Smith America Invents Act,
Pub. L. No. 112-29, 125 Stat. 284 (2011) .... *passim*
§ 18(a)(1)(D) 18
§ 18(d) 2
§ 18(d)(1) 4

Other Authorities

37 C.F.R. § 42.6(a)(3) 9

37 C.F.R. § 42.104(b) 23

37 C.F.R. § 42.107 ..... 14, 18

37 C.F.R. § 42.108(a) 23

TABLE OF AUTHORITIES—continued

Page(s)

37 C.F.R. § 42.108(c) 23

37 C.F.R. § 42.120 ..... 14, 18

37 C.F.R. § 42.204(b) 23

37 C.F.R. § 42.207 ..... 14, 18

37 C.F.R. § 42.208(a) 9, 13, 23

37 C.F.R. § 42.208(c) 9, 13, 23

37 C.F.R. § 42.220 ..... 14, 18

Brief of Patent Owner-Appellant SightSound Technologies, LLC, *SightSound Techs., LLC v. Apple Inc.*, No. 2015-1159, 2015 WL 310736 (Fed. Cir. Jan. 13, 2015) ..... *passim*

Complaint, *SightSound Techs., LLC v. Apple Inc.*, No. 2:11-cv-1292-DWA (W.D. Pa. Oct. 10, 2011) 8

PTO's Petition For Rehearing *En Banc*, *Versata Dev. Grp., Inc. v. SAP Am.*, No. 2014-1194 (Fed. Cir. Aug. 24, 2015), ECF No. 141 ..... 12, 17

INTEREST OF AMICUS CURIAE[1]

SightSound Technologies, LLC ("SightSound") submits this brief in support of Petitioner Cuozzo Speed Technologies, LLC ("Cuozzo") as to the second question presented ("Question 2")[2] and to address the importance of Question 2 beyond the present case.

SightSound developed and patented truly revolutionary technology relating to the electronic transmission and storage of digital audio and video signals. Shortly after the first of its patents issued in 1993, SightSound became the first company in the world to offer music and films via digital download over the internet. The technology SightSound developed is now ubiquitous.

Because it seeks to enforce its patents, SightSound is interested in the proper interpretation and application of standards governing adversarial patent review proceedings under the Leahy-Smith America Invents Act ("AIA"), Pub. L. No. 112-29, 125 Stat. 284 (2011). SightSound is also the appellant in an appeal now before the Court of Appeals for the Federal Circuit that raises an essentially identical question to the one at bar concerning the

---

[1] The petitioner's blanket consent is on file with the Clerk of the Court. At the request of *amicus curiae*, the respondent consented to the filing of this *amicus curiae* brief, and the respondent's written consent is on file with the Clerk of the Court. Pursuant to Rule 37.6, *amicus curiae* states that none of the parties authored this brief in whole or in part, and no one other than *amicus curiae* and its counsel made a monetary contribution to the preparation or submission of this brief.

[2] Question 2 is "[w]hether the court of appeals erred in holding that, even if the Board exceeds its statutory authority in instituting an IPR proceeding, the Board's decision whether to review an IPR proceeding is judicially unreviewable."

reviewability of *ultra vires* decisions of the Patent Trial and Appeal Board ("Board").

In 2011, SightSound sued Apple Inc. ("Apple") for patent infringement. In 2013, Apple sought AIA transitional covered business method patent review ("CBMPR")—an analogous proceeding to the AIA's *inter partes* review ("IPR") regime at issue in this case—of the asserted claims.[3] In violation of the AIA statutory regime and the Board's own regulations, the Board *sua sponte* reviewed SightSound's patents on a ground never asserted by Apple, and the Board did so without explaining the specific nature of the invalidity review. Every ground asserted by Apple was ultimately rejected by the Board, yet the Board nonetheless invalidated SightSound's patent claims based on the largely unarticulated bases proffered by the Board itself. Indeed, SightSound learned the specific bases of the challenge against its patents only in the Board's final written decision. These Board actions were unambiguously violative of the

---

[3] The AIA created three new patent review proceedings with many provisions in common, including those at issue in this case. *See, e.g.*, 35 U.S.C. §§ 312(a)(3) and 322(a)(3) (setting forth petition requirements for IPR, post grant review ("PGR"), and CBMPR proceedings); 35 U.S.C. §§ 319 and 329 (authorizing appeals from final written decisions in IPR, PGR, and CBMPR proceedings); 35 U.S.C. §§ 314(d) and 324(e) (providing that a determination whether to institute IPR, PGR, or CBMPR "under this section" shall be "final and nonappealable"). Due to the various eligibility requirements, the majority of proceedings to date have been IPRs. Congress also provided for PGR (available for patents having priority filing dates after March 15, 2013 and within the first nine months of issuance) and CBMPR (available for a transitional statutory period but only for "covered business method patents" as defined in Section 18(d) of the AIA).

statutory and regulatory rules governing CBMPR proceedings.

On appeal, the Federal Circuit believed (incorrectly) that the AIA precluded review of the Board's actions, holding that it could not correct the Board's violations because Apple—or another hypothetical party—*could have* asserted the invalidity ground that the Board raised *sua sponte*. *SightSound Techs., LLC v. Apple Inc.*, 809 F.3d 1307, 1313-14 (Fed. Cir. 2015). In so holding, the Federal Circuit primarily relied upon the decision challenged by Cuozzo in the present case. Compounding this error, the Federal Circuit's highly deferential standard of review further insulated the Board's substantive conclusions, which—of course—would not have been reached but for the Board's *ultra vires* acts.

SightSound's own experience before the Board demonstrates the necessity for judicial review of Board decisions. SightSound thus submits this brief in support of Cuozzo's position on Question 2 and to urge the Court to rule that the Federal Circuit should review—and may reverse—the Board when it exceeds its statutory authority.

INTRODUCTION AND SUMMARY OF ARGUMENT

The Federal Circuit erred below in holding that, even if the Board exceeds its statutory authority in instituting an IPR proceeding, the Board's decision is judicially unreviewable. Indeed, the Federal Circuit failed to consider and apply the longstanding precedent of this Court.

This Court has recognized a duty to review agency action for over two centuries. *See, e.g.*,

Marbury v. Madison, 5 U.S. (1 Cranch) 137, 163 (1803). It is presumed that agency action is judicially reviewable. *Bowen v. Mich. Acad. of Family Physicians*, 476 U.S. 667, 670-71 (1986). Even where Congress makes some matters non-reviewable, courts retain the authority to review whether an agency has acted in excess of its delegated powers. *See Lindahl v. OPM*, 470 U.S. 768, 779 (1985). In short, the presumption of reviewability and the doctrine of *ultra vires* review demand robust judicial oversight of agency action when the scope of judicial review is in doubt.

The Federal Circuit's error below on the question of reviewability has been compounded in decisions subsequent thereto. The day after issuing its revised opinion in *Cuozzo*, the Federal Circuit held that, with one exception, a decision to institute a CBMPR under 35 U.S.C. § 324 is non-reviewable. *Versata Dev. Grp. v. SAP Am., Inc.*, 793 F.3d 1306, 1314-15 (Fed. Cir. 2015).[4] And, in *Achates Reference Publishing, Inc. v. Apple Inc.*, 803 F.3d 652 (Fed. Cir. 2015), the Federal Circuit held that it was powerless to review whether the Board had erred in disregarding time limits imposed by the AIA on a party's ability to seek IPR. *Id.* at 657-58.

The Federal Circuit next heard SightSound's appeal and refused to consider whether the Board exceeded its statutory authority in raising a new, unarticulated theory upon which to review the

---

[4] Over the dissent of Judge Hughes, the court held that whether a challenged patent is a "covered business method patent" under AIA Section 18(d)(1) is reviewable. *Versata*, 793 F.3d at 1322-23; *cf. id.* at 1341 (Hughes, J., dissenting in part) (asserting that the majority's holding "directly conflicts with" *Cuozzo*).

patents—a theory that ultimately invalidated SightSound's claims despite the fact that the purported bases for invalidity (which, by statute, must be disclosed in the petition) were never identified prior to the Board's final written decision. *SightSound*, 809 F.3d at 1313-14. The SightSound case is thus another example of the prejudice suffered by patent owners when the Federal Circuit abnegates its oversight function and the Board's violation of its authority remains unchecked.

Part I of this brief provides a discussion of SightSound's experience defending its patent rights in its CBMPR proceeding before the Board and appealing the Board's *ultra vires* actions to the Federal Circuit. In SightSound's case (as in *Cuozzo*), rather than act as a neutral arbiter of the parties' arguments, the Board injected itself into the adversarial proceeding on behalf of the petitioner by positing—and advocating for—its own ground of unpatentability. The Board's error demonstrates the real injury that results when the Board ignores its statutory mandate; Cuozzo and SightSound are among the first of many patent owners that will be irreparably prejudiced by the Board's *ultra vires* actions if the Board is permitted to act without judicial oversight.

Part II discusses why the plain language of the AIA requires review of non-final orders merged into a final written decision—an issue not previously considered in this case. It specifically addresses why the narrow exception under 35 U.S.C. § 314(d) for threshold merits determinations is inapplicable. In particular, SightSound explains that the plain statutory language of the relevant provision permits Cuozzo to seek judicial review of the Board's failures

to follow the statutes and regulations governing IPR proceedings. In 35 U.S.C. § 319—and its materially identical cousin 35 U.S.C. § 329—Congress provided that a party dissatisfied with a "final written decision" of the Board may appeal it. Section 319 does not limit which aspects of the final written decision may be appealed. In allowing plenary review, Congress invoked a decades-old rule allowing appeals of all non-moot interlocutory orders merged into a final judgment. *See Cohen v. Beneficial Indus. Loan Corp.*, 337 U.S. 541, 545-46 (1949).

Part III discusses the merits of Cuozzo's interpretation of Section 314(d) in light of this Court's tradition of applying a "strong presumption" of judicial review to narrowly construe limitations on the judiciary's ability to review agency action.

Part IV discusses the *ultra vires* doctrine, which, even in the face of a "no appeal" provisions, furnishes an independent basis to review administrative determinations wrought with procedural defects.

ARGUMENT

I. QUESTION 2 HAS SUBSTANTIAL IMPORTANCE BEYOND THIS CASE

Although not before the Court, SightSound's case underscores Cuozzo's warning that the Board's institution decision is often the most critical stage of AIA proceedings. The statistics are telling: when review is instituted, the subject patent claims are typically invalidated. Cuozzo Merits Brief at 46. Without judicial oversight to address statutory violations during the review process, any *ultra vires* actions of the Board—particularly at the institution phase—plainly threaten the due process rights of patent owners.

A. Background Of The SightSound Proceeding

1. In 1988, inventor and co-founder of SightSound Arthur Hair developed a system for transmitting digital audio and video signals via telecommunications lines directly to consumers' computers. Opening Brief of Patent Owner-Appellant SightSound Technologies, LLC at *7, *SightSound Techs., LLC v. Apple Inc.*, No. 2015-1159, 2015 WL 310736 (Fed. Cir. Jan. 13, 2015) [hereinafter "Op. Br."]. The core of Mr. Hair's invention was a particular hardware combination that included a "second memory"—a single piece of non-removable hardware owned by the user that could store thousands of downloaded songs or other content. *Id.* at *7-8. This represented a substantial improvement over the records, cassette tapes, CDs, and other similar media that dominated the market at the time, shattering the existing market paradigm. *Id.* at *10. Today, the distribution of digital content over telecommunications lines (*e.g.*, the internet) is ubiquitous. In 1988, it was revolutionary. *Id.* at *7-8.

In 1988, Mr. Hair filed a patent application for this invention, which later issued as U.S. Patent No. 5,191,573 on March 2, 1993. The PTO subsequently issued two other patents in this family, U.S. Patent Nos. 5,675,734 on October 7, 1997, and 5,966,440 on October 12, 1999. *Id.* at *8.

2. In 1995, Mr. Hair teamed up with Scott Sander to commercialize his invention under the SightSound name. Together, they built a network of distributed servers, telecommunications links, and a consumer-facing website with the domain name SightSound.com to sell music and videos online. That year, SightSound became the first company to

provide an interface for purchasing music via digital download over the internet. It achieved another first in 1999 when it offered the first online sale of a film. *Id.* at *11.

3. SightSound has been enforcing its patent rights against potential infringers since the late 1990s. During this period, its patents have withstood over a decade of invalidity challenges, both in court and before the PTO. *Id.* at *13-14. Most recently, and relevant to SightSound's interest in this case, SightSound sued Apple for patent infringement on October 10, 2011 after Apple refused to take a license as its competitors had done. Complaint, *SightSound Techs., LLC v. Apple Inc.*, No. 2:11-cv-1292-DWA (W.D. Pa. Oct. 10, 2011). In the nineteen months that followed, the parties devoted significant resources to claim construction and discovery. After suffering multiple setbacks in the district court, Apple scrambled to rebuild its defenses and sought refuge in the AIA's new review proceedings. Apple filed four petitions for CBMPR on May 6, 2013.

a. The Board instituted review on October 8, 2013. In doing so, it rejected all grounds asserted by Apple in its petitions save one: anticipation under 35 U.S.C. § 102 by a so-called "CompuSonics system." Op. Br. at *20.

However, departing from Apple's asserted grounds, the Board posited its own invalidity theory: obviousness under 35 U.S.C. § 103 in light of twelve disparate references relating to CompuSonics, which the Board called the "CompuSonics publications."[5]

---

[5] Apple's expert made a conclusory, catch-all claim that the SightSound patents were obvious based on unspecified combi-

Yet, the Board failed to specify which combination of the twelve references allegedly rendered the SightSound patents obvious. Op. Br. at *20-21. While noting that this ground was "in addition to [Apple's] asserted ground of anticipation based on the CompuSonics system," the Board claimed "discretion" to posit, initiate, and conduct this review *sua sponte*—a discretion that the Board has explicitly claimed not to have in other proceedings. *Id.* at *21; *see Epicor Software Corp. v. Protegrity Corp.*, No. CBM2015-00006, 2015 WL 1870235, at *22 (P.T.A.B. Apr. 21, 2015) (The "approach of offering a plurality of prior art references for consideration, with the particular and necessary combination to be selected or chosen by the Board is improper.").

b. On January 3, 2014, SightSound submitted its responses. As to the anticipation ground asserted by Apple—the one such ground taken up by the Board—SightSound proffered the testimony of CompuSonics's lead engineer to show that no single "CompuSonics system" had ever existed, and that CompuSonics had never created a system for

---

nations of art. *See* Op. Br. at *38 n.10. Such a statement is insufficient to put SightSound on notice of any specific combination of references or a reason for their combination. Moreover, it is of no import because it was not in Apple's petitions. *See* 37 C.F.R. § 42.208(a), (c) (the Board may only conduct review on "grounds of unpatentability asserted for each claim," and "shall not" institute review on grounds unsupported by a petition); 37 C.F.R. § 42.6(a)(3) ("Arguments must not be incorporated by reference from one document into another document."); *Cisco Sys., Inc. v. C-Cation Techs., LLC*, No. IPR2014-00454, 2014 WL 4352301 (P.T.A.B., Aug. 29, 2014) (denying petition for review due to attempt to incorporate expert declaration by reference).

transmitting digital audio and video signals to consumers. Op. Br. at *22. SightSound then noted that the Board lacked jurisdiction to *sua sponte* conduct an obviousness review on a ground never asserted by Apple. *Id.* The Board's *ultra vires* act injected an entirely new theory into the proceedings, requiring SightSound to address unstated combinations of twelve prior art references as well as arguments of which it had no notice. Nonetheless, SightSound blindly tried to respond to the obviousness challenge. *Id.*

On March 21, 2014, almost a year after submitting its petitions for review, Apple submitted replies that, for the first time, offered obviousness arguments relating to CompuSonics. Apple nevertheless failed to identify any particular combination of references that allegedly rendered the SightSound patents obvious, nor a reason to combine references in a particular manner. *Id.* at *23.

c. Oral argument was held on May 6, 2014. Two weeks later, the Board issued an order noting SightSound's position "that it did not have a fair opportunity to respond to the obviousness ground because Petitioner did not assert the ground in its petitions and argued the issue for the first time in its replies, to which Patent Owner was not able to respond." *Id.* at *24. The Board did not dispute that this was the case. Instead, the Board ordered that in light of "the particular factual circumstances of these cases," SightSound could submit sur-replies to address Apple's newly-raised assertions. *Id.* SightSound did so, arguing that Apple had still "proposed no combination of references that collectively teaches the claimed invention" nor given any "reason why a person of ordinary skill would

combine disclosures for disparate systems (and 'futurama' speculation) to obtain the claimed invention." *Id.*

d. On October 7, 2014, the Board issued final written decisions. On anticipation, the Board agreed with SightSound, holding that the notion of a single "CompuSonics system" capable of practicing the patented invention was a fiction. *Id.* at *25. With this finding, the Board had determined that ***none*** of the eight grounds stated in Apple's four petitions invalidated SightSound's patents.

The Board then turned to obviousness—the ground it raised *sua sponte*. On SightSound's jurisdictional objections, the Board did not dispute that Apple's petitions never asserted obviousness over CompuSonics. Instead the Board claimed that the petitions "supported a ground of obviousness based on the CompuSonics publications." *Id.* The Board found all claims obvious by patching together certain combinations of references that were never asserted in Apple's petitions. The Board then supplied its own reason to combine these references (pursuant to this Court's decision in *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 417-18 (2007)). Op. Br. at *25-26. Thus, it was only in the Board's final written decision that SightSound had notice of the ostensibly invalidating combinations of references and the rationale for combining them, arguments never made by Apple.

SightSound timely appealed to the Court of Appeals for the Federal Circuit.

4. The Federal Circuit issued its opinion on December 15, 2015. *SightSound Techs., LLC v. Apple Inc.*, 809 F.3d 1307 (Fed. Cir. 2015). The

panel never reached the merits of SightSound's argument that the Board's *sua sponte* obviousness review was *ultra vires*. Rather, it held, pursuant to *Cuozzo* and *Achates*, that it "lack[ed] jurisdiction to review the PTO's decision to consider issues not explicitly raised in the petitions." *Id.* at 1311. Despite the PTO's own insistence elsewhere that "nothing in the statute suggests that the PTO is authorized to proceed with a review where a party might have fulfilled the various statutory criteria for initiating a proceeding, but for some reason did not," the panel refused to correct the PTAB's failure to follow the law because Apple theoretically could have submitted a petition that asserted obviousness over CompuSonics—regardless of the fact that it never did. PTO's Petition For Rehearing *En Banc* at 13 n. 7, *Versata Dev. Grp., Inc. v. SAP Am.*, No. 2014-1194 (Fed. Cir. Aug. 24, 2015), ECF No. 141; *see SightSound*, 809 F.3d at 1313-14. Exacerbating this mistake, the Court then applied a "substantial evidence" standard of review to find no error in the obvious determinations that the Board unveiled for the first time in its final decision. *SightSound*, 809 F.3d at 1318-20.

On January 14, 2016, SightSound petitioned the Federal Circuit for rehearing *en banc*. The next day, this Court granted *certiorari* in the present case and, as a result, SightSound has since requested that the Federal Circuit hold its petition for rehearing pending this Court's decision.

B. The SightSound Case Provides Another Example Of The Board's Violation Of Its Authority

There can be no real dispute that the Board acted against its authority in *SightSound* (and in

Cuozzo) when it proffered a new invalidity ground *sua sponte*, as both the AIA statutory scheme and the PTO's own regulations make clear that the Board does not have the authority to institute review on grounds never asserted by the petitioner at the initial petition stage.

In line with the adversarial and accelerated nature of the proceedings, the petitioner is required to state at the outset of a request for AIA review, "in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim." 35 U.S.C. § 322(a)(3).[6] The Board cannot go beyond those grounds when instituting review. *See, e.g.*, 37 C.F.R. § 42.208(a) (only authorizing the Board to conduct a review "on all or some of the challenged claims and on all or some of the grounds of unpatentability asserted for each claim"); 37 C.F.R. § 42.208(c) (review "shall not be instituted for a ground of unpatentability, unless the Board decides that the petition supporting the ground would, if

---

[6] Where a petition raises an obviousness challenge, the Board has repeatedly made clear that the petitioner must further "identify and articulate clearly each prior art combination relied on" and must explain its rationale for combining the references. *Epicor Software*, 2015 WL 1870235, at *22; *see, e.g.*, *Nautique Boat Co. v. Malibu Boats, LLC*, No. IPR2014-01045, 2014 WL 6706559, at *8 (P.T.A.B. Nov. 26, 2014) (denying institution where the petitioner's "presentation of reasoning to combine the teachings of [the prior art references] [was] deficient"); *Lake Cable, LLC v. Windy City Wire Cable & Tech. Prods., LLC*, No. IPR2013-00528, 2014 WL 721999, at *11 (P.T.A.B. Feb. 19, 2014) (denying institution where the petitioner's "obviousness analysis [was] not supported by adequate reasoning with rational underpinning").

unrebutted, demonstrate that it is more likely than not that at least one of the claims challenged in the petition is unpatentable").

But for the Board's *ultra vires* acts, SightSound's patents would have survived AIA review. By the time the Board entered its final written decisions, every single ground asserted by Apple in its petitions had failed.

C. Patent Owners Will Be Prejudiced If The Board's *Ultra Vires* Acts Are Not Reviewed And Remedied

Analogous to the violations in the instant case, the Board violated SightSound's due process rights in waiving the petition requirements for the obviousness ground and *sua sponte* positing its own invalidity ground in its institution decision—*i.e.*, a ground that was not fleshed out until the final written decision.

The initial petition requirements ensure that patent owners have adequate notice of the invalidity challenges against them. *See* 35 U.S.C. §§ 312(a)(3) and 322(a)(3). And patent owners have only a limited opportunity and time to respond to the allegations in a petition. *See* 37 C.F.R. §§ 42.107 and 42.207 (preliminary response); *id.* §§ 42.120 and 42.220 (response). By raising a new obviousness ground at the institution stage that was never articulated at that time, the Board deprived SightSound of its right to timely notice and hampered its ability to defend against such claims.

This Court's precedent is clear that patent claims are not invalid as obvious merely because the claims' elements exist in the prior art. *KSR*, 550 U.S. at 418-19. In line with this authority, the Board itself

has repeatedly ruled that cursory obviousness arguments are insufficient to initiate AIA review and instead, when based upon multiple prior art references, the petitioner must identify (i) the specific combination of references and (ii) a rationale for combining such references as in the patent claims at issue. For example, the Board has explained that it would be improper for a petitioner to merely describe the contents of numerous prior art references in relation to the patent claims and then rely on the Board to cobble together a specific invalidity theory that best fits the evidence. *See Epicor Software*, 2015 WL 1870235, at *22. The Board emphasized the need to comply with the AIA's strict petition requirements, for "[n]either Patent Owner nor the Board should have to speculate in any respect" the specific invalidity grounds asserted. *Id.* As the *Epicor* case makes clear, the statutory framework governing AIA review simply does not contemplate *sua sponte* institution on a ground absent from the petition and without specificity as to the exact nature of the obviousness challenge. Yet, that is exactly what the Board did in *SightSound*.

Although the Board identified twelve "CompuSonics publications" potentially relevant to the Board's new obviousness ground upon institution, at no point before the final written decisions did it articulate how and why those references might be combined (as Apple would have been required to do had it raised such a ground in its petitions) to render SightSound's patents obvious. *See* 35 U.S.C. §§ 312(a)(3) and 322(a)(3); *Epicor Software*, 2015 WL 1870235, at *22 ("Petitioner must identify and articulate clearly each prior art combination relied on to support an assertion of unpatentability based on obviousness There

can be no avoidance of articulating the precise combination relied on to render a claim obvious."). Indeed, had Apple submitted twelve prior art references without identifying a combination of or a reason to combine the references—as the Board did *sua sponte* in its institution decision—Apple's petition would have been rejected out of hand.

Because these transgressions resulted in the invalidation of SightSound's patent rights, the prejudice to SightSound was manifest. *See In re Meyer*, 599 F.2d 1026, 1031 (C.C.P.A. 1979) (the predecessor to the Federal Circuit holding, in an appeal from another administrative patent proceeding, that the Board does not have a "license to shift the statutory basis of rejection from § 103 [obviousness] to § 102 [anticipation] while denying appellant the procedural due process" provided by the governing regulations).

D. The Federal Circuit's Rationale In Support Of Its Interpretation Of 35 U.S.C. § 314 Is Wrong

The Federal Circuit's purported rationalization of the Board's *ultra vires* actions, and its own failure to review them, is fundamentally flawed. According to the Federal Circuit, the "defective [petition] is irrelevant" because, in *Cuozzo* and *SightSound*, "a proper petition could have been drafted." *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1277 (Fed. Cir. 2015); *see SightSound*, 809 F.3d at 1313-14. However, the PTO's jurisdiction is restricted to petitions that "identif[y], in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim." 35 U.S.C. §§ 312(a)(3) and 322(a)(3).

Any proceeding that is initiated on a petition that "could have been drafted" is itself an extra-jurisdictional act subject to appellate review; it cannot justify the Federal Circuit's avoidance of its review function. Indeed, even the PTO believes that the Federal Circuit's rationalization is untenable: "[N]othing in the statute suggests that the PTO is authorized to proceed with a review where a party might have fulfilled the various statutory criteria for initiating a proceeding, but for some reason did not." PTO's Petition For Rehearing *En Banc* at 13 n.7, *Versata*, No. 2014-1194, ECF No. 141.

Moreover, 35 U.S.C. §§ 315(e)(1)-(2) and 325(e)(1)-(2) provide that a petitioner is estopped from asserting any ground of unpatentability that the "petitioner raised or reasonably *could have raised*" during the proceeding. 35 U.S.C. §§ 315(e)(1)-(2) and 325(e)(1)-(2) (emphasis added). Therefore, Congress granted the Board authority over only grounds of unpatentability identified "with particularity" in a petition despite explicitly contemplating the concept of grounds that could have been raised in a petition in the AIA's estoppel provisions. 35 U.S.C. §§ 312(a)(3) and 322(a)(3). If Congress had wanted to provide for an expansive institution regime exempt from judicial oversight, its estoppel provisions demonstrate that it could have done so. The Federal Circuit's "could have drafted" rationalization is untenable, particularly when viewed against this backdrop.[7]

---

[7] The estoppel provision for CBMPR further demonstrates the impropriety of the Board's *sua sponte* grounds of unpatentability and the Federal Circuit's "could-have-raised" rationalization. Congress precludes second petitions for CBMPR on

Further, as explained above, there are serious due process concerns with a standard based on "what could have been done" in the petition. Due process principles "guide and limit the acts and proceedings of agency tribunals," including the Board. *Benedict v. Super Bakery, Inc.*, 665 F.3d 1263, 1268 (Fed. Cir. 2011). Because a patent grant has been universally accepted as a vested property right that confers due process protection, *Fla. Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank*, 527 U.S. 627, 642 (1999), patent owners are entitled to "notice and an opportunity to be heard by a disinterested decision-maker" before their patents can be invalidated. *Abbott Labs. v. Cordis Corp.*, 710 F.3d 1318, 1328 (Fed. Cir. 2013); *see Caperton v. A.T. Massey Coal Co.*, 556 U.S. 868, 876-81 (2009).

The statutes and regulations governing AIA review proceedings protect the due process rights of patent owners; those rights are only safeguarded, however, when the statutes and regulations are followed. *See, e.g.*, 35 U.S.C. §§ 312(a)(3) and 322(a)(3) (setting forth the petition requirements); 37 C.F.R. §§ 42.107, 42.207, 42.120, and 42.220 (providing for the patent owner's preliminary and formal responses). In *SightSound*, the Board disregarded the petition requirements, *sua sponte* introduced a new invalidity ground, and withheld the specific combination of prior art references

---

grou..ds that *could have been raised* in an earlier petition, while precluding litigation only on those grounds *actually raised* in a petition. AIA § 18(a)(1)(D). Review unmoored from the grounds actually asserted destroys this balance. If the Board had found the SightSound patents nonobvious, Apple could later attempt to relitigate the issue because the Board, rather than Apple, first raised it—thereby frustrating the statutory purpose.

supporting that ground until its final decision. The possibility that a theoretically sufficient petition *could have been drafted* is irrelevant and cannot negate the prejudice to a patent owner of learning the specifics of an invalidity challenge for the first time in a final adverse decision.[8]

II. THE PLAIN LANGUAGE OF 35 U.S.C. § 319 ALLOWS REVIEW OF THE BOARD'S ERRORS

SightSound agrees with Cuozzo that appeals to the Federal Circuit from a final decision in an AIA proceeding should follow the rule in district court patent litigation, wherein a party must wait to appeal until entry of final judgment, but it may raise claims of error from earlier stages of litigation. *Cuozzo* Merits Brief at 49. In addition to Cuozzo's argument, this Court's merger rule provides the basis for this broad scope of appeal.

A. Non-Moot Interlocutory Orders That Merge Into The Board's Final Written Decision Are Reviewable

1. 35 U.S.C. § 319 Provides For A Broad Right To Appeal

Section 319 provides that a party dissatisfied with the Board's "final written decision may

---

[8] Further, a finding that does not exempt review of due process violations from Section 314(d) would raise questions about constitutional infirmity. Under the doctrine of avoidance, statutory provisions must be read to avoid potential due process concerns. *See Zadvydas v. Davis*, 533 U.S. 678, 699-701 (2001) (construing a statutory provision governing an administrative immigration proceeding so as to avoid the "serious constitutional threat" of a due process violation). The same should apply to a construction that would deprive a party of the right to appeal a due process violation.

appeal the decision." 35 U.S.C. § 319. Decades ago, this Court construed similar language in 28 U.S.C. § 1291—allowing appeals from "final decisions of the district courts of the United States"—to permit review of any non-moot interlocutory order "merged" into a final decision. *Cohen*, 337 U.S. at 545-46. Congress's grant to the Federal Circuit of jurisdiction to hear appeals from "final written decisions" of the Board in Section 319 incorporates the "merger rule" and authorizes parties to appeal all non-moot issues raised in the course of a proceeding in a single appeal.

In *Cohen*, a district court order declined to apply a law requiring a security bond. *Id.* at 544-45. On appeal from the district court's decision, this Court recognized that Section 1291's "final decision" requirement merely limits interlocutory appeals "where they are but steps towards final judgment in which they will merge." *Id.* at 546. "The purpose is to combine in one review all stages of the proceeding that effectively may be reviewed and corrected if and when final judgment results." *Id.* Rather than limit reviewable issues, the "final decision" requirement disallows appeals "from any decision which is tentative, informal or incomplete." *Id.* at 545-46. This gave rise to the "merger rule," which allows appeals of non-moot interlocutory orders that "affect the final judgment." *In re Westinghouse Sec. Litig.*, 90 F.3d 696, 706 (3d Cir. 1996); *see Digital Equip. Corp. v. Desktop Direct, Inc.*, 511 U.S. 863, 868 (1994) ("[A] party is entitled to a single appeal, to be deferred until final judgment has been entered, in which claims of district court error at any stage of the litigation may be ventilated."); *Jays Foods, LLC v. Chem. & Allied Prod. Workers Union*, 208 F.3d 610, 614 (7th Cir. 2000) (the merger rule allows a

party to "bring a single appeal from the judgment and challenge all nonmoot interlocutory orders, appealable or not, rendered along the way").

Section 319 is the IPR equivalent of Section 1291: it allows parties dissatisfied with any aspect of the Board's rulings to appeal from a "final written decision" and incorporates merger-rule jurisprudence that allows parties to appeal issues merged into the Board's "final" judgment. Congress's use of the term of art "final" in Section 319, with no limiting language, indicates an intent to incorporate the merger rule to allow all issues to be raised in one proceeding, and in no way indicates an intent to limit the range of appealable issues. *See Bragdon v. Abbott*, 524 U.S. 624, 645 (1998) ("When administrative and judicial interpretations have settled the meaning of an existing statutory provision, repetition of the same language in a new statute indicates, as a general matter, the intent to incorporate its administrative and judicial interpretations as well."). This demonstrates that, absent clear language to the contrary, issues raised in an IPR proceeding are preserved and can be raised on appeal.

2. *The Plain Language Of 35 U.S.C. § 314 Provides For Only One Exception To The Scope Of Appealable Issues*

In the statutes at issue here, Congress has provided one exception to the scope of appealable issues. With 35 U.S.C. § 314(d), Congress specified that a determination whether to institute review "under this section" shall be "final and nonappealable." 35 U.S.C. § 314(d). As the plain text of Section 314(d) indicates, a determination "under" Section 314 addresses only one question:

whether "the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." 35 U.S.C. § 314(a).[9] Congress prudently prevented this particular appeal because, where the proceeding has been instituted, the final merits-based decision (which employs a heightened standard as compared to the institution decision) renders this threshold question irrelevant and any appeal therefrom wasteful. *See In re Hiniker Co.*, 150 F.3d 1362, 1366-67 (Fed. Cir. 1998). Where the proceeding has not been instituted, a bar on frivolous appeals prevents delay and harassment.

Contrary to the Federal Circuit's interpretation in *Cuozzo*, Section 314's "final and nonappealable" language does not bar "all review of the decision whether to institute." *Cuozzo*, 793 F.3d at 1273. If affirmed, the overbroad interpretation of the Federal Circuit would consume the long-standing merger rule, violate this Court's strong presumption that Congress intends judicial review of administrative action, and provide almost no recourse for the Board's *ultra vires* actions and due process errors, such as those found in Cuozzo's and SightSound's cases.

---

[9] A similar statutory scheme governs PGR and CBMPR proceedings. *See* 35 U.S.C. §§ 324 and 329.

B. Cuozzo's And SightSound's Appeals Originate From Issues That Merged Into The Board's Final Written Decisions

Cuozzo's and SightSound's appeals do not originate from a decision "under" Sections 314 and 324, respectively—the only type of decision that is not merged into the final written decision. Rather, the challenged decisions originate from identically phrased provisions in 35 U.S.C. §§ 312(a)(3) (IPR) and 322(a)(3) (PGR and CBMPR), which require that "the petition identif[y], in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim." 35 U.S.C. §§ 312(a)(3) and 322(a)(3).[10] In direct contravention of these sections, the Board departed from the petitions by identifying *sua sponte* the ultimately invalidating grounds of unpatentability for Cuozzo's and SightSound's claims. In Cuozzo's case, the Board applied a combination of prior art that the petition identified for one particular claim to invalidate two others not asserted by the petitioner. *Cuozzo* Merits Brief at 7 In SightSound's case, the Board posited an

---

[10] *See also* 35 U.S.C. §§ 314(a) and 324(a) (information "in the petition," if unrebutted, must show why any claims are unpatentable); 37 C.F.R. §§ 42.104(b) and 42.204(b) (petition must state "the precise relief requested for each claim challenged" by identifying (i) "[t]he claim" and (ii) the "specific statutory grounds" applicable to each claim); 37 C.F.R. §§ 42.104(b)(4)-(5) and 42.204(b)(4)-(5) (petition must connect the "statutory grounds" to "specific portions of the evidence that support the challenge"); 37 C.F.R. §§ 42.108(a), (c) and 42.208(a), (c) (The Board may only conduct review on "grounds of unpatentability asserted for each claim," and "shall not" institute review on grounds unsupported by a petition).

obviousness ground in light of twelve references, when the petition merely identified a meritless anticipation ground. Op. Br. at *20-21; *see also supra*, Part I.A.

In raising its own grounds of unpatentability, the Board disregarded its role as a neutral arbiter and became an advocate against Cuozzo's and SightSound's patents—a role that exceeded Congress's narrow grant of statutory authority. The mere fact that these errors were made at the same stage of the proceedings or even in the same orders as the Board's determinations under Sections 314(a) or 324(a) does not render the errors "final and nonappealable." A contrary finding would allow the narrow exceptions of Sections 314 and 324 to swallow the long-standing merger rule and shield from review the Board's *ultra vires* actions—an extreme result that would shield significant portions of IPR, PGR, and CBMPR proceedings from any form of judicial review.

Far from foreclosing review of virtually any issue but the merits of a final decision with respect to patentability, the appeal provisions of the AIA reflect Congress's intent that the Federal Circuit ensure the Board's compliance with all relevant statutory and regulatory requirements. The decisions of the Federal Circuit in *Cuozzo*, *Versata* and *Achates*, as well as SightSound's appeal, represent an abdication of the Federal Circuit's duty to carry out this oversight function and should be vacated.

III. A PRESUMPTION OF JUDICIAL REVIEW OF AGENCY ACTIONS MUST INFORM THE COURT'S INTERPRETATION OF SECTION 314(d).

As Cuozzo has described, interpreting Section 314(d) narrowly to preserve the court's authority to review and correct *ultra vires* agency action comports with core principles of administrative law. For decades, this Court has applied a "strong presumption" in favor of judicial review when construing statutes that impose limits on a party's right to appeal. *Bowen*, 476 U.S. at 670-671 (noting the "strong presumption that Congress intends judicial review of administrative action"). The balance of powers especially favors judicial review when the appeal raises questions about an agency's statutory authority. *See Mach Mining, LLC v. EEOC*, 135 S. Ct. 1645, 1651 (2015) (explaining that Congress "rarely intends to prevent courts from enforcing its directives to federal agencies"). The presumption is most powerful when the agency's action implicates the deprivation of a property right, such as a patent. *Bowen*, 476 U.S. at 670-71. Accordingly, a party seeking to avoid judicial review of agency action must provide "clear and convincing evidence" of Congress's intent in this regard. *Id.* at 671; *see Abbott Labs. v. Gardner*, 387 U.S. 136, 141 (1967); *Dunlop v. Bachowski*, 421 U.S. 560, 567 (1975).

Under these authorities, this Court has narrowly construed statutory language similar to Section 314(d) and held that it does not bar review of whether the agency properly followed the law. *See Lindahl*, 470 U.S. at 778-80. In *Lindahl*, this Court considered an appeals bar in the amended Civil

Service Retirement Act, which provided that in voluntary disability retirement cases, the Office of Personnel Management would determine "[q]uestions of dependency and disability," and further that "its decisions with respect to such matters shall be final and conclusive and shall not be subject to review." *Id.* at 773 (citing 5 U.S.C. § 8347(c)). Rejecting the Federal Circuit's expansive interpretation, the *Lindahl* Court held that "the finality bar may extend only to OPM's factual determinations [about] disability and dependency." *Id.* at 780. This Court made clear that courts retain the authority to determine "whether there has been a substantial departure from important procedural rights, a misconstruction of the governing legislation, or some like error 'going to the heart of the administrative determination.'" *Id.* at 791; *see id.* at 779 (distinguishing non-reviewable factual determinations from "questions of what laws and procedures the OPM must apply in administering the Retirement Act").

The Federal Circuit in *Lindahl* concluded—just as the panel majority did in *Cuozzo*—that the plain language of a finality bar offered conclusive evidence of congressional intent to foreclose all review of OPM determinations, including "legal and procedural errors." *Id.* at 777, 779; *Lindahl v. OPM*, 718 F.2d 391, 393 (Fed. Cir. 1983) (en banc) (declaring that "[i]t is difficult to conceive of a more clear-cut statement of congressional intent to preclude review than one in which the concept of finality is thrice repeated in a single sentence"). This conclusion, however, was viewed skeptically by this Court. *Lindahl*, 470 U.S. at 779. Applying the presumption of judicial review previously articulated in *Abbott Laboratories* and *Dunlop*, this Court cautioned

against interpreting a statute as an absolute bar to judicial review when it could plausibly be read to cover a narrower category of determinations. *Lindahl*, 470 U.S. at 779. It further reasoned that "when Congress intends to bar judicial review altogether, it typically employs language far more unambiguous and comprehensive than that set forth in [5 U.S.C.] § 8347" *Id.* at 779-80. The presumption of judicial review required that the statute be read narrowly.

The appeals bar in Section 314(d) is narrower than even that in Section 8347, and certainly does not provide "clear and convincing evidence" that Congress sought to forever insulate all aspects of the Board's institution decision from judicial review. To the contrary, Congress carved out a narrow exception to Section 319's general right of appeal for Board determinations made "under" Section 314. It did not explicitly shield from review Board determinations made under *other* sections of the AIA or the Patent Act. *See supra*, Part II.A.2.

Had Congress wished to imbue the Board with unreviewable power to raise and adjudicate issues as it saw fit, it was capable of writing a statute to carry that purpose into effect. The AIA does not empower the Board to advance its own grounds of unpatentability, much less exempt them from meaningful judicial review. In misconstruing the plain language of Section 314 and failing to apply the presumptions of *Bowen*, *Lindahl*, and their progeny, the Federal Circuit erred.

IV THE BOARD'S ACTIONS ARE SEPARATELY REVIEWABLE UNDER THE *ULTRA VIRES* DOCTRINE.

SightSound also agrees with Cuozzo that were the Court to accept a somewhat broader construction of Section 314(d), the judiciary would nevertheless retain the authority and duty to conduct the review that Cuozzo seeks here (as well as the review SightSound seeks in its own appeal). This is because, notwithstanding a "no appeal" provision, courts always have the non-statutory authority to review and correct *ultra vires* agency actions.[11] *See Leedom v. Kyne*, 358 U.S. 184, 188 (1958) (holding that a certification order by the National Labor Relations Board during collective bargaining proceedings, statutorily barred from judicial review under the Wagner Act, is nevertheless reviewable if the appeal seeks "to strike down an order of the Board made in excess of its delegated powers and contrary to a specific prohibition in the Act"); *Anthony v. OPM*, 58 F.3d 620, 625 (Fed. Cir. 1995) (holding that a no-appeal provision could not foreclose the right to appeal a "substantial departure from important procedural rights, a misconstruction of the governing legislation, or some like error 'going to the heart of the administrative determination'") (quoting *Lindahl*, 470 U.S. at 791); *Doty v. United States*, 53 F.3d 1244 (Fed. Cir. 1995) (holding that, even in light of a no-appeal provision, the court could consider an appeal claiming that procedural defects in an administrative proceeding violated due

---

[11] The authority to review *ultra vires* agency action is supported by federal statute when the conduct deprives a party of its due process rights. *See* 5 U.S.C. § 706(2).

process); *Aid Ass'n for Lutherans v. U.S. Postal Serv.*, 321 F.3d 1166, 1173 (D.C. Cir. 2003) (holding that the petitioner could challenge an allegedly *ultra vires* rule issued by the Postal Service, even though the service is exempt from APA review). Quite simply, "[a]n agency may not finally decide the limits of its statutory power." *Soc. Sec. Bd. v. Nierotko*, 327 U.S. 358, 369 (1946).

In SightSound's case, had the Board followed its mandate and confined its review to the grounds asserted in Apple's petition, the SightSound patents would never have been invalidated. This case demonstrates precisely why the *ultra vires* doctrine exists. Even in the face of an appeal bar, this Court must uphold its duty to review and correct *ultra vires* agency actions. A contrary decision would give the Board carte blanche to ignore the directives of the AIA and escape oversight.

Finally, the Federal Circuit's review of the Board's merits determination does not ensure that the Board's *ultra vires* actions at the institution stage are harmless. For example, SightSound was hindered in its ability to develop a record and formulate a response to obviousness arguments that were never specifically identified until the Board's final written decision. Moreover, the Federal Circuit employs a substantial evidence standard of review for the Board's merits determinations, not *de novo* review. Therefore, the Federal Circuit may affirm a final decision invalidating a claim that, without a deferential standard, it otherwise would reverse. In this instance, an otherwise valid claim will have been invalidated by the Board's *ultra vires* action.

CONCLUSION

For the foregoing reasons and those explained by Cuozzo, the Court should reverse the judgment below.

Respectfully submitted,

JENNIFER SKLENAR
ARNOLD & PORTER LLP
777 S. Figueroa St.
Los Angeles, CA 90017

SEAN M. CALLAGY
ARNOLD & PORTER LLP
3 Embarcadero Center
San Francisco, CA 94111

MATTHEW M. WOLF
Counsel of Record
ARNOLD & PORTER LLP
601 Massachusetts Ave., NW
Washington, DC 20001
(202) 942-5000
Matthew.Wolf@aporter.com

Counsel for Amicus Curiae

FEBRUARY 29, 2016